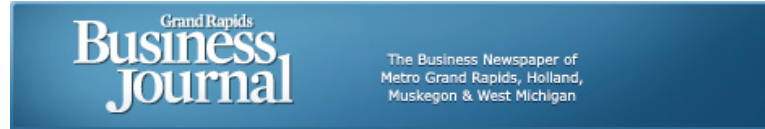




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Buying office furniture a whole new deal

Jake Himmelspach
Published: November 24, 2008

It used to be that offices were completely outfitted with furniture from a single line from a single manufacturer. The order was placed through a dealer and that was that.

Now, however, companies are equipping their spaces with products from multiple furniture lines and multiple manufacturers — for example, chairs from Herman Miller, cubicles from Steelcase, casegoods from Nucraft, etc.

"They're starting to blend more — blending manufacturers and also blending product within one manufacturer or two," said Todd Custer, director of health care sales with Custer Workplace Interiors.

"It used to be if you bought a Steelcase cubicle ... you'd have to use that product for everything ... because nothing would connect. Now everything is being built off of platforms," Custer said. "You can mix and match different lines from Steelcase in one cubicle: You could use one product for the panel and another for the work surface and another for the storage. You can do that with competitors too."

Brian Bascom, principal of Velocity Partners, a product marketing and innovation firm, expanded on the mix-and-match trend and how it has impacted the industry.

"If you take a look at what's going on in the mid-price and higher end of the market, you've got more and more end-user companies and interior designers who are what I call 'design promiscuous.' They want a little bit here and a little bit there, and they want it from different companies," he said.

"Basically, you've got organizations and designers that are saying, 'We want to specify best of breed.'"

This trend of selecting specific products from multiple companies has allowed smaller manufacturers to get in on the game by creating a niche for themselves and perfecting that niche.

"It's interesting today to take a look at how many large office furniture companies have tried to be everything to everyone, and where the growth is happening. In terms of annual percentage growth, you've got a number of small to mid-sized companies who are only focused on certain product categories who are growing 10, 15 percent a year," Bascom said.

"They're focusing in on becoming best of breed in certain product categories and in certain market segments," he said, mentioning health care and higher education as two strong growth markets.

In turn, the success of the small and mid-sized manufacturers has impacted the way



JIM GEBBEN
Vince Parente, president of Grand Rapids Office Furniture Co., said the dealership is "taking a much more comprehensive approach to the client space."



Bascom

office furniture is purchased.

"The smaller companies have just eliminated what we will call a member of the distribution channel," said Bascom. "They no longer have to run around and keep their dealers happy."

He believes part of this shift in how furniture is purchased is due to the Internet, which enables consumers to search out products and to make purchases from anywhere instantly.

Bascom added that sales reps from office furniture manufacturers now call directly on the architecture and interior design community. In the past, he said, that was more the dealer's role.

Vince Parente, president of Grand Rapids Office Furniture Co., a local office furniture dealer with Knoll as its main product line, said that trend seems likely but has not impacted his dealership. Still, Parente agreed that the function of the dealer is much more complicated than in the past.

"Our approach is to be a surrogate to either client — whether they are an end-user or architecture and design (firm)," said Parente. "We are not developing a design department pushing for billable hours — and, in fact, quite the contrary. We are developing our resource library to play a supporting role to all customers and not pose a threat to any of them. The library space needs to be a useful tool for independents as well as larger firms."

Parente said sales tactics for dealers can be broken down into two types.

"One has everyone beating each other up on price. The other is where a solid relationship with your customer exists and little bidding takes place," he said. "We plan to leverage that, and are in the process of launching a service model that will keep our relationships warm in between those times (when) our customers order furniture. We are taking a much more comprehensive approach to the client space and feel we can help them well beyond furniture."

Bascom believes the change is not a fad, but here to stay.

"The dealership model of having dealers control territory is really a throwback to 100 years ago," he said. "Those days, in my opinion, are gone. You now have major corporations who will only buy furniture directly from the manufacturer and not the dealer. Often if the dealer makes any money, it's going to be on post-sale services.

"Being a dealer is becoming more and more of a real challenge if you're representing very large companies, but if you're representing a half dozen or a dozen niche companies — higher design, higher quality — you can make quite a living off of that."